

Message Text

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PAGE 01 STATE 205181

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COM/BIC/OED/MEPD/CATKINS

COM/BIC/OED/MEPD/JMSANDS, DIR.

COM/BIC/OIM (INFO)

STATE/ARA/NC/TSONANDRES

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R 282010Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

C O N F I D E N T I A L STATE 205181

E.O. 11652: GDS

TAGS: BEXP, VE

SUBJECT: SIDOR STEEL EXPANSION

REF: A) CARACAS 8402; B) JASPER/MILLS TELECON

1. WE ARE CONCERNED THAT EMBASSY MAY NOT FULLY UNDERSTAND THE IMPORTANCE THE USG'S ROLE IN ASSISTING UEC/BLISS ON THIS 600 MILLION DOLLAR PROJECT. UEC/BLISS REQUESTED THAT THE USG, THROUGH ITS GOOD OFFICES, ATTEMPT TO REMOVE THE OBSTACLES WHICH WERE PREVENTING FAIR CONSIDERATION OF THEIR PROPOSAL BY SIDOR/GOV. THEIR CONTENTION WAS THAT SIDOR'S MANAGEMENT WAS BIASED IN FAVOR OF THE GERMAN PROPOSAL AND THAT DEMAG/GHH WOULD RECEIVE THE CONTRACT BASED ON A POLITICALLY MOTIVATED DECISION. UEC/BLISS WAS CONVINCED THAT AN EXPRESSION OF USG INTEREST WOULD BE EXTREMELY VALUABLE AND THIS INVOLVEMENT WOULD PLACE EMBASSY IN UNIQUE POSITION TO RECOMMEND APPROPRIATE ACTION BY EITHER THE COMPANIES OR THE USG IN ORDER TO INFLUENCE THE AWARD.

CONFIDENTIAL

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PAGE 02 STATE 205181

2. UNFORTUNATELY WE HAVE RECEIVED VIRTUALLY NO FEEDBACK

REGARDING EMBASSY'S EFFORTS ON BEHALF OF THE AMERICAN PROPOSAL AND THEREFORE WE CANNOT MAKE RECOMMENDATIONS TO UEC/BLISS REGARDING APPROPRIATE ACTION.

3. IT WAS OUR UNDERSTANDING AND THAT OF THE COMPANIES THAT THE AMERICAN PROPOSAL WOULD BE DISCUSSED DURING AMBASSADOR'S RECENT MEETING WITH ARCHIE GAMBOA AND OFFICIALS OF CVG. TO OUR KNOWLEDGE THERE HAS BEEN NO REPORT ON THIS MEETING AND WITHOUT THIS KEY PIECE OF INFORMATION UEC/BLISS ARE NOT CERTAIN AS TO HOW TO PROCEED.

4. ACTION REQUESTED: WE REQUEST A THOROUGH REPORT FROM EMBASSY REGARDING AMBASSADOR'S MEETING WITH ARCHIE GAMBOA AS WELL AS POST'S RECOMMENDATION AS TO HOW UEC/BLISS SHOULD PROCEED. WE ALSO REQUEST A COMPLETE UPDATE ON STATUS OF PROJECT AND CURRENT TIME-TABLE FOR CONTRACT AWARDS.

5. RE PARA 2, REFTEL A, UEC AND E. W. BLISS FORMED A JOINT VENTURE TO BID ON COMBINED PACKAGE OF ELECTRIC FURNACES AND CONTINUOUS SLAB CASTERS. UEC IS THE PRIME CONTRACT ON THIS PROPOSAL. E. W. BLISS ALSO SUBMITTED AN UNSOLICITED PROPOSAL FOR THE BILLET MILL WHICH HAS NO RELATIONSHIP TO THEIR JOINT VENTURE PROPOSAL WITH UEC.
INGERSOLL

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06 JUL 2006

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